

HOUSE EDUCATION COMMITTEE SUBSTITUTE FOR
HOUSE BILL 1091

47TH LEGISLATURE - STATE OF NEW MEXICO - FIRST SESSION, 2005

AN ACT

RELATING TO PUBLIC SCHOOL FINANCE; REMOVING THE REQUIREMENT
THAT A PORTION OF LOCAL AND FEDERAL REVENUE BE USED FOR CAPITAL
OUTLAY; PROVIDING FOR THE CALCULATION OF MEM ON THE EIGHTIETH
AND ONE HUNDRED TWENTIETH DAYS.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF NEW MEXICO:

Section 1. Section 22-8-25 NMSA 1978 (being Laws 1981,
Chapter 176, Section 5, as amended) is amended to read:

"22-8-25. STATE EQUALIZATION GUARANTEE DISTRIBUTION--
DEFINITIONS--DETERMINATION OF AMOUNT.--

A. The state equalization guarantee distribution is
that amount of money distributed to each school district to
ensure that the school district's operating revenue, including
its local and federal revenues as defined in this section, is
at least equal to the school district's program cost.

.157465.1

underscored material = new
[bracketed material] = delete

1 B. "Local revenue", as used in this section, means
2 seventy-five percent of receipts to the school district derived
3 from that amount produced by a school district property tax
4 applied at the rate of fifty cents (\$.50) to each one thousand
5 dollars (\$1,000) of net taxable value of property allocated to
6 the school district and to the assessed value of products
7 severed and sold in the school district as determined under the
8 Oil and Gas Ad Valorem Production Tax Act and upon the assessed
9 value of equipment in the school district as determined under
10 the Oil and Gas Production Equipment Ad Valorem Tax Act. [~~The~~
11 ~~school district shall budget and expend twenty percent of the~~
12 ~~total revenue receipts for capital outlay.~~]

13 C. "Federal revenue", as used in this section,
14 means receipts to the school district, excluding amounts that,
15 if taken into account in the computation of the state
16 equalization guarantee distribution, result, under federal law
17 or regulations, in a reduction in or elimination of federal
18 school funding otherwise receivable by the school district,
19 derived from the following:

20 (1) seventy-five percent of the school
21 district's share of forest reserve funds distributed in
22 accordance with Section 22-8-33 NMSA 1978 [~~The school district~~
23 ~~shall budget and expend twenty percent of the total forest~~
24 ~~reserve receipts for capital outlay]; and~~

25 (2) seventy-five percent of grants from the

underscored material = new
[bracketed material] = delete

1 federal government as assistance to those areas affected by
 2 federal activity authorized in accordance with Title 20 of the
 3 United States Code, commonly known as "PL 874 funds" or "impact
 4 aid". [~~The school district shall budget and expend twenty~~
 5 ~~percent of the grant receipts for capital outlay.~~]

6 D. To determine the amount of the state
 7 equalization guarantee distribution, the [~~state superintendent~~]
 8 department shall:

9 (1) calculate the number of program units to
 10 which each school district is entitled using an average of the
 11 MEM on the [~~fortieth~~] eightieth and one hundred twentieth days
 12 of the prior year; or

13 (2) calculate the number of program units to
 14 which a school district operating under an approved year-round
 15 school calendar is entitled using an average of the MEM on
 16 appropriate dates established by the [~~state board~~] department;
 17 or

18 (3) calculate the number of program units to
 19 which a school district with a MEM of two hundred or less is
 20 entitled by using an average of the MEM on the [~~fortieth~~]
 21 eightieth and one hundred twentieth days of the prior year or
 22 the fortieth day of the current year, whichever is greater; and

23 (4) using the results of the calculations in
 24 Paragraph (1), (2) or (3) of this subsection and the
 25 instructional staff training and experience index from the

.157465.1

1 October report of the prior school year, establish a total
2 program cost of the school district;

3 (5) calculate the local and federal revenues
4 as defined in this section;

5 (6) deduct the sum of the calculations made in
6 Paragraph (5) of this subsection from the program cost
7 established in Paragraph (4) of this subsection; and

8 (7) deduct the total amount of guaranteed
9 energy savings contract payments that the [~~state~~
10 ~~superintendent~~] department determines will be made to the
11 school district from the public school utility conservation
12 fund during the fiscal year for which the state equalization
13 guarantee distribution is being computed.

14 E. The amount of the state equalization guarantee
15 distribution to which a school district is entitled is the
16 balance remaining after the deductions made in Paragraphs (6)
17 and (7) of Subsection D of this section.

18 F. The state equalization guarantee distribution
19 shall be distributed prior to June 30 of each fiscal year. The
20 calculation shall be based on the local and federal revenues
21 specified in this section received from June 1 of the previous
22 fiscal year through May 31 of the fiscal year for which the
23 state equalization guarantee distribution is being computed.
24 In the event that a school district has received more state
25 equalization guarantee funds than its entitlement, a refund

.157465.1

1 shall be made by the school district to the state general
2 fund."

3 Section 2. TEMPORARY PROVISION--APPLICABILITY.--The
4 provisions of Paragraphs (1) and (3) of Subsection D of Section
5 1 of this act that change the procedure for calculating the
6 number of program units are applicable to the 2006-2007 and
7 subsequent school years.

8 Section 3. EFFECTIVE DATE.--The effective date of the
9 provision of this act is July 1, 2005.